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SUBJECT: AMB MEETING WITH TRADE MINISTER RACHID,  
U.S.-EGYPTIAN BUSINESS COUNCIL

11. (SBU) SUMMARY. On June 28, Ambassador met with Trade Minister Rachid and the U.S.-Egyptian Business Council. Topics included the future of FTA, QIZs, U.S. policy toward Egypt and the bilateral economic relationship. Ambassador called for an active business council while Minister Rachid praised the U.S.-Egyptian trade relationship and called for an agenda that does not focus solely on the FTA. END SUMMARY.

12. (SBU) Ambassador met with Trade Minister Rachid and the U.S.-Egyptian Business Council (USEBC) on June 28. The Ambassador emphasized the importance of the U.S.-Egyptian business relationship and the role of the newly revived USEBC. Minister Rachid's participation in the upcoming Strategic Dialogue will present an opportunity for both sides to revive momentum in trade relations that slipped since the FTA process was suspended. He noted QIZs have helped increase Egyptian exports to the U.S. and asked the Council members to provide specific recommendations regarding promotion of trade and investment in both directions.

13. (SBU) Galal El-Zorba (Chairman, Federation of Egyptian Industries and President of the Egyptian side of the USEBC) spoke for Council members. Zorba said the FTA's "failure" was a setback and a huge disappointment for the Egyptian business community. He complained about political linkages in the FTA process, and charged that many U.S. policies were unrealistic or short-sighted. For example, he said that he could not understand the U.S. preoccupation with Ayman Nour. He also expressed frustration with some USG positions, such as on the delay of municipal elections, which did not matter to the Egyptian people.

14. (SBU) Zorba said that without an FTA to move toward, he and his colleagues could not develop a meaningful agenda for the Council in time for their previously planned June 28 meeting in Washington, D.C. Despite the postponement, he added, the Council would work through the summer to develop ideas for an agenda to present in September.

15. (SBU) Minister of Trade Rachid tempered Zorba's complaints and urged the Council to take a more positive approach. Rachid stressed that even short of an FTA, the U.S.-Egyptian economic relationship is strong. There is still a healthy trading environment. Rachid said that the Egyptian business community should not focus solely on the FTA -- the private sector should put forth other issues through the senior policy attention the two governments had always offered both private sectors through the USEBC and its predecessor council. Responding to a question regarding intellectual property rights (IPRs), Rachid explicitly refused to implement what he called "TRIPS Plus" outside of a comprehensive trade negotiation process.

16. (SBU) Agriculture Counselor Asif Chaudhry listed examples of USG trade concerns to the Council, namely restrictions on importing U.S. poultry and meat. Commercial Counselor Amer Kayani highlighted non-Agriculture barriers facing U.S. export, including violations of IPRs, pharmaceuticals and overly burdensome regulations in Egypt. The meeting concluded with an agreement to meet before September, and to develop a clear proposal from the Egyptian side for a possible meeting of the full Council in Washington, D.C.

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